

Exhibit 54

**Excerpts of Kevin Thompson
Deposition Transcripts**

Kevin Thompson
10/2/2024

1 UNITED STATES DISTRICT COURT
 2 SOUTHERN DISTRICT OF NEW YORK
 3
 4 SECURITIES AND EXCHANGE)
 5 COMMISSION,)
 6 Plaintiff,)
 7 vs.) Case No.
 8) 23-cv-9518-PAE
 9)
 10 SOLARWINDS CORP. and)
 11 TIMOTHY G. BROWN,)
 12)
 13 Defendants.)
 14)
 15

16 VIDEOTAPED DEPOSITION OF
 17 KEVIN B. THOMPSON
 18 Austin, Texas
 19 Wednesday, October 2, 2024

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 22
 23
 24 Reported by:
 25 Micheal A. Johnson, RDR, CRR
 25 Job No. 241002MJ

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16 Videotaped deposition of KEVIN B. THOMPSON,
 17 taken on behalf of Plaintiff, at Latham & Watkins,
 18 LLP, 300 Colorado Street, Suite 2400, Austin, Texas,
 19 beginning at 9:10 a.m. and ending at 5:39 p.m. on
 20 October 2, 2024, before Micheal A. Johnson, a
 21 Registered Diplomatic Reporter, Certified Realtime
 22 Reporter, and Notary Public of the State of Texas.

1 APPEARANCES (CONTINUED):
 2 ALSO PRESENT:
 3 Jason Bliss
 4 Annie Gravelle (Via Zoom)

5 VIDEOGRAPHER:
 6 Timothy Desadier

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<p>1 DEPOSITION EXHIBITS KEVIN B. THOMPSON October 2, 2024</p> <p>2</p> <p>3 EXHIBIT NO. DESCRIPTION MARKED</p> <p>4 Exhibit 1 September 1, 2022 11</p> <p>5 Transcript of Kevin Thompson</p> <p>6</p> <p>7 Exhibit 2 SolarWinds Security 65</p> <p>8 Statement</p> <p>9 Exhibit 3 January 30, 2018 E-mail, 127</p> <p>10 Steven Colquitt to Brno Engineering Management, et al. SW-SEC00238141 - SW-SEC00238142</p> <p>11</p> <p>12 Exhibit 4 SolarWinds PowerPoint, 134</p> <p>13 Monthly 1:1 Meeting; 1:1 with CEO, Kevin B. Thompson</p> <p>14 SW-SEC00305126 - SW-SEC00305155</p> <p>15 Exhibit 5 SolarWinds PowerPoint, 190</p> <p>16 SolarWinds KBT Offsite, DOIT and R&D</p> <p>17 SW-SEC00298924 - SW-SEC00298934</p> <p>18 Exhibit 6 SolarWinds PowerPoint, 207</p> <p>19 SolarWinds KBT Offsite, DOIT and R&D</p> <p>20 SW-SEC00031447 - SW-SEC00031470</p> <p>21 Exhibit 7 March 3, 2020 Q1 2020 232</p> <p>22 Quarterly Risk Review (QRR), Security & Compliance Program Office (DevOps + IT) + Legal + Finance</p> <p>23 SW-SEC00001608 - SW-SEC00001634</p> <p>24</p> <p>25</p>	<p>1 Austin, Texas, Wednesday, October 2, 2024 9:10 a.m. - 5:39 p.m.</p> <p>2</p> <p>3</p> <p>4 THE VIDEOGRAPHER: Here begins the 5 deposition of Kevin Thompson taking place at Latham 6 & Watkins at 300 Colorado Street, Austin, Texas in 7 the matter of Securities and Exchange Commission 8 versus SolarWinds Corporation, et al. The case 9 number is 23-cv-9518-PAE. Today's date is 10 October 2nd, 2024. The time on video is 9:10 a.m. 11 The videographer is Timothy Desadier 12 and the court reporter is Micheal Johnson. Counsel, 13 please identify yourselves and state whom you 14 represent.</p> <p>15 MR. TODOR: John Todor representing 16 plaintiff Securities and Exchange Commission.</p> <p>17 MR. CARNEY: Christopher Carney for 18 the SEC.</p> <p>19 MS. WARDEN: Kristen Warden for the 20 SEC.</p> <p>21</p> <p>22 MR. O'CONNOR: Morning. Dan O'Connor 23 from Ropes & Gray for Kevin Thompson.</p> <p>24 MR. BERKOWITZ: Sean Berkowitz and 25 Kirsten Lee on behalf of SolarWinds and Tim Brown.</p>

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<p>1 Q. Then let me turn back to the external 2 audit findings with respect to 3 need-to-know/least-privilege-necessary basis. 4 Were there any external audit findings of 5 some kind of failure to follow that policy? 6 MR. BERKOWITZ: Object to the form. 7 A. I don't recall specific findings by the 8 external auditors. However, what I do know is that 9 they did not have any findings in the period of time 10 I was at SolarWinds, all 15 years or 2018 to 2020, 11 where they found any significant weaknesses in our 12 controls. 13 BY MR. TODOR: 14 Q. And would the external auditors' reports 15 with respect to that policy also be reported to the 16 audit committee on the board? 17 MR. BERKOWITZ: Object to the form. 18 A. It would be -- they would meet with the 19 audit committee at least twice a year and present 20 all of the findings of their audit and part of their 21 findings was of their SOX audit, which is where they 22 test internal controls. So they would present an 23 interim -- set of results before the end of the year 24 and then they would have another meeting with the 25 audit committee after the end of the fiscal year and</p>	<p>1 A. So it's consistent with my understanding, 2 though I will tell you I have no idea what 3 "passwords are individually salted and hashed" 4 means. 5 BY MR. TODOR: 6 Q. Turning your attention -- more generally. 7 What was your understanding of the purpose of there 8 being a password policy? 9 A. To limit access to systems, applications, 10 to those individuals that we wanted to have access 11 to those systems and applications. 12 Q. Was it important to SolarWinds' business 13 that people not have access to systems that they 14 don't need to have access to? 15 MR. BERKOWITZ: Object to the form. 16 A. I think the answer to that question 17 depends a little bit on two things: What the system 18 or application happened to be, and when you say the 19 word "people," what you mean by the word "people." 20 BY MR. TODOR: 21 Q. I was referring back to your previous 22 question [sic] where I asked, What is your 23 understanding of the purpose of there being a 24 password policy and your answer was, To limit access 25 to systems, applications, to those individuals that</p>
<p>105</p> <p>1 present their full-year findings. 2 BY MR. TODOR: 3 Q. Direct your attention to the next 4 subparagraph marked Authentication and Authorization 5 and ask you to review that section and let me know 6 when you're ready. 7 (Witness reviews document.) 8 A. Okay. 9 BY MR. TODOR: 10 Q. Looking at the first paragraph, there's a 11 statement: We require that authorized users be 12 provisioned with unique account IDs. Our password 13 policy covers all applicable information systems, 14 applications and databases. Our password best 15 practices enforce the use of complex passwords that 16 include both alpha and numeric characters which are 17 deployed to protect against unauthorized use of 18 passwords. Passwords are individually salted and 19 hashed. 20 Please let me know if you need me to 21 break it apart, but does this paragraph, is this 22 consistent with your understanding of SolarWinds' 23 policies with respect to passwords in the 2018 to 24 2020 time frame? 25 MR. BERKOWITZ: Object to the form.</p>	<p>107</p> <p>1 we wanted to have access to those systems and 2 applications. 3 So I guess I said people instead of 4 individuals, but it means the same thing. 5 A. Can you just rephrase the question for 6 me, then? 7 Q. Was it important to SolarWinds' business 8 that there be a limit to access to systems and 9 applications to those individuals that you wanted to 10 have access to them? 11 MR. BERKOWITZ: Object to the form. 12 A. I think it's important -- was important 13 to the business to ensure that our employees or 14 individuals, which is a word I used, had access to 15 the systems and applications they needed to have 16 access to in order to effectively do their job. So 17 I think that was important. 18 I think it's important to SolarWinds and 19 also to any other company that you don't have 20 unauthorized access to your systems by either your 21 employees or by individuals outside your 22 organization. 23 BY MR. TODOR: 24 Q. Why do you say that it's important to 25 SolarWinds and also to any other company that you</p>

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<p>1 don't have unauthorized access to your systems by 2 either your employees or by individuals outside your 3 organization?</p> <p>4 A. When unauthorized access occurs, whether 5 it's an employee or an external party, you could 6 have a negative consequence. And I do -- I think 7 it's important to say the word "could." Doesn't 8 mean you will, but you could. And so protecting 9 your environment, limiting access provides -- now 10 it's probably a double positive, but provides 11 security around the environment that protects the 12 organization.</p> <p>13 Q. The transcript is -- okay. Clearing up. 14 In your previous answer you said, When 15 unauthorized access occurred, whether its employee 16 or an external party you could have a negative 17 consequence.</p> <p>18 What did you mean by a negative 19 consequence?</p> <p>20 A. There are a number of different types of 21 negative consequences. Someone could steal data if 22 they had unauthorized access. Someone could, you 23 know, share information you don't want shared if 24 they have unauthorized access. There's a number of 25 things that could occur.</p>	<p>1 request and an approval from a data or system owner, 2 manager or other executives as defined by our 3 security guidelines.</p> <p>4 Is that statement consistent with your 5 understanding of SolarWinds' policies as they 6 existed in the 2018 to '20 time frame?</p> <p>7 MR. BERKOWITZ: Object to form.</p> <p>8 A. I believe that it is and I think I 9 referred to that process in one of your earlier 10 questions.</p> <p>11 BY MR. TODOR:</p> <p>12 Q. This statement refers to security 13 guidelines. Are you aware of any security 14 guidelines at SolarWinds concerning this process in 15 the 2018 to 2020 time frame?</p> <p>16 MR. BERKOWITZ: Object to form, 17 foundation.</p> <p>18 A. I don't recall what the specific security 19 guidelines were during that time frame.</p> <p>20 BY MR. TODOR:</p> <p>21 Q. Do you know who at SolarWinds would have 22 been responsible for coming up with the security 23 guidelines?</p> <p>24 MR. BERKOWITZ: Object to form.</p> <p>25 A. It would be the IT team, the security</p>
<p>109</p> <p>1 Q. And could those negative consequences 2 have a negative impact on SolarWinds' business?</p> <p>3 A. Potentially.</p> <p>4 Q. Turn your attention to the second 5 paragraph here under Authentication and 6 Authorization. There's a statement: SolarWinds 7 employees are granted a limited set of default 8 permissions to access company resources such as 9 their e-mail and the corporate intranet.</p> <p>10 Is that consistent with your 11 understanding of SolarWinds' practices in the 2018 12 to '20 time frame?</p> <p>13 A. It is.</p> <p>14 MR. BERKOWITZ: Object to form.</p> <p>15 BY MR. TODOR:</p> <p>16 Q. Next statement: Employees are granted 17 access to certain additional resources based on 18 their specific job function.</p> <p>19 Same question.</p> <p>20 MR. BERKOWITZ: Form.</p> <p>21 A. Once again, it's my understanding that's 22 what we were doing.</p> <p>23 BY MR. TODOR:</p> <p>24 Q. Next statement: Requests for additional 25 access follow a formal process that involves a</p>	<p>111</p> <p>1 team.</p> <p>2 BY MR. TODOR:</p> <p>3 Q. Direct your attention to the third 4 subsection under Access Control marked Software 5 Development Lifecycle and please read that section 6 and tell me when you're ready.</p> <p>7 (Witness reviews document.)</p> <p>8 A. Okay.</p> <p>9 BY MR. TODOR:</p> <p>10 Q. Do you have an understanding based upon 11 your knowledge of SolarWinds' business as CEO in 12 your previous roles of what a software development 13 lifecycle is?</p> <p>14 A. Yes.</p> <p>15 Q. What is a software development lifecycle?</p> <p>16 A. A software development lifecycle is a 17 process you go through from inception of an idea for 18 an application to the building and deployment of 19 that application into an environment. That could be 20 something you built yourself, so a custom 21 application that an organization built just for them 22 to use. It could be an application you procured 23 from a third-party vendor and made the decision to 24 implement in your -- into your environment.</p> <p>25 Q. Is that a process that would apply to</p>

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<p>1 A. I don't recognize these at all. 2 Q. Turn your attention to Bates -- you can 3 refer to any one that you need to to familiarize 4 yourself, but I was going to ask you about Bates 5 5144 for these highlights. And directing you 6 specifically to the heading, the top one, for 7 security. And tell me when you've had your chance 8 to familiarize yourself with that. 9 (Witness reviews document.)</p> <p>10 A. Okay. 11 BY MR. TODOR: 12 Q. The first Initiative/Effort column item 13 says Security Tool Standardization & 14 Rationalization. 15 Were you aware as of on or about 16 August 2019 of an initiative or effort around 17 security tool standardization and rationalization at 18 SolarWinds? 19 A. I don't recall this specific topic or 20 conversation, no. 21 Q. The next item -- initiative or effort is 22 marked Security Incident Improvement Plan. 23 Do you have any recollection of that 24 initiative or effort on or about August 2019? 25 A. No, I don't have any specific</p>	<p>1 lot more on this deck? 2 MR. TODOR: Are we hitting lunchtime? 3 MR. BERKOWITZ: If you're going to 4 finish this -- 5 MR. TODOR: This will be -- yeah. It 6 won't be five minutes, so this might be the 7 appropriate time for the lunch break, if you want to 8 do it that way. 9 THE WITNESS: It's up to you guys. 10 MR. O'CONNOR: Yeah. Let's take a 11 break. 12 THE VIDEOGRAPHER: Going off the 13 record. Time is 12:31. 14 (Recess taken from 12:31 p.m. to 15 1:35 p.m.) 16 THE VIDEOGRAPHER: Back on the 17 record. Time is 1:35. 18 BY MR. TODOR: 19 Q. Welcome back, Mr. Thompson. I'd like to 20 direct your attention -- the document we were 21 looking at before the lunch break I believe was 22 marked as Thompson Exhibit 4. Mark [sic] you to the 23 Bates ending in 5145, please. And it appears to be 24 a slide marked SolarWinds Security Program. 25 The subheading is Security Controls Based</p>
<p>153</p> <p>1 recollection. 2 Q. The third one is Security Training. It 3 says (SDL, IRC, GDPR Bootcamp). 4 Do you have any recollection of an 5 initiative or effort around security training on or 6 about August 2019? 7 A. Once again, I don't have any specific 8 recollection of this. 9 Q. Did you have any role with respect to 10 deciding what kinds of training SolarWinds employees 11 would be required to take? 12 A. That was not something where I spent any 13 specific time. That was handled by my functional 14 leaders and my HR leaders. 15 Q. So for security training, would that be 16 under either Mr. Kim or Mr. Johnson [sic] to decide 17 who would be getting training and on what topics? 18 MR. BERKOWITZ: Object to the form. 19 A. I think I indicated earlier, that would 20 be likely a conversation between the functional 21 leader, which in in this case might have been Joe, Rani 22 and HR leadership. 23 BY MR. TODOR: 24 Q. I'll direct your attention to Bates 5145. 25 MR. O'CONNOR: Counsel, do you have a</p>	<p>155</p> <p>1 on NIST Controls. 2 Do you see that? 3 A. I do. 4 Q. What is your understanding of NIST 5 controls? 6 MR. BERKOWITZ: Object to form. 7 A. NIST is a security maturity model that 8 was developed by the federal government to my 9 understanding, that we were using to grade ourselves 10 against in terms of the maturity of our security 11 environment. 12 BY MR. TODOR: 13 Q. Okay. And you said "we were using to 14 grade ourselves." Do you have an understanding as 15 to when SolarWinds started to use the NIST security 16 model to grade itself? 17 A. I don't recall the exact date we started 18 that, no. 19 Q. Would it have been before or after 2018? 20 A. I don't recall exactly when we started 21 doing it. So I don't know if it was before 2018 or 22 slightly after. 23 Q. How was the decision made for SolarWinds 24 to use the NIST security model to grade itself? 25 A. That was a decision that Joe and his team</p>

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<p>1 made. There are a number of approaches and models 2 you could take and they made the decision they 3 wanted to grade us -- the maturity of our security 4 program against the NIST framework. And so that's a 5 decision that Joe and his team made.</p> <p>6 Q. Does maturity have particular meaning in 7 the context of the NIST controls?</p> <p>8 A. It does.</p> <p>9 Q. What is your understanding of the meaning 10 of maturity in the context of the NIST controls?</p> <p>11 A. My understanding is maturity refers to 12 the -- a little bit to the definition of the word 13 "maturity," which is how advanced are the controls, 14 how automated are the controls. That's the way I 15 think about maturity as it relates to NIST.</p> <p>16 Q. So this presentation as -- you can look 17 back, I believe it was dated August 16th, 2019. Had 18 there been, to your knowledge, a presentation to you 19 regarding the status of the SolarWinds security 20 program based on the NIST controls at some date 21 earlier than August 16th of 2019?</p> <p>22 MR. BERKOWITZ: Object to form.</p> <p>23 A. I don't recall if there was a 24 presentation earlier than this date or not. It's 25 something that Rani and I would periodically</p>	<p>1 A. In general the Protect category is the 2 level of defensive protection you have of the 3 environment. 4 Respond is when you have an incident, 5 because no matter how good your security program is, 6 you will have incidents. How do you respond to 7 those incidents, what's the process. 8 Identify is a combination of 9 understanding the asset environment that you have 10 and the characteristics of those assets and the 11 level of security that you need to have around those 12 assets or that are built into those assets. 13 Detect is when someone is trying to get 14 in your environment or trying to, you know, do 15 something else, like a phishing attempt, you know, 16 you detect those issues, how quickly do you detect 17 them. 18 And the Recover, if you have an issue 19 that causes a problem, how fast can you recover from 20 that. 21 That's the way I understand the maturity 22 model. 23 Q. And is it your understanding that 24 SolarWinds would continue to evaluate itself against 25 these five subcategories as part of its assessment</p>
<p>157</p> <p>1 discuss, but I don't remember when those discussions 2 started.</p> <p>3 BY MR. TODOR:</p> <p>4 Q. Did you ask Mr. Kim or Ms. Johnson to 5 give you updates on the progress of the maturity of 6 the NIST controls?</p> <p>7 A. I did not specifically ask them to give 8 me progress on maturity of the NIST controls. As I 9 indicated, it's something that Rani would 10 periodically update me on.</p> <p>11 Q. There are five subheadings under this. 12 Appears to be Protect, Respond, Identify, Detect and 13 Recover.</p> <p>14 Do you have an understanding as to what 15 these five subheadings would mean in the context of 16 the NIST controls?</p> <p>17 A. I have a general understanding. I 18 wouldn't say I have a deep detailed understanding 19 because that's not my area of expertise, but I have 20 a general understanding.</p> <p>21 Q. What is your general understanding?</p> <p>22 A. Of NIST in totality?</p> <p>23 Q. Of the meaning of these five 24 subcategories as they relate to NIST controls as 25 they were applied at SolarWinds.</p>	<p>159</p> <p>1 of the maturity of its NIST controls?</p> <p>2 MR. BERKOWITZ: Object to form. And 3 just for clarification, you're referring to NIST 4 CSF?</p> <p>5 MR. TODOR: I'm referring to NIST in 6 the sense it's used here on this document.</p> <p>7 MR. BERKOWITZ: Which I believe is 8 CSF. There are different types of NIST and I just 9 want to see if that -- if the witness understands 10 that, if your question is meant to capture a 11 particular category of them.</p> <p>12 BY MR. TODOR:</p> <p>13 Q. So in the sense of NIST controls as 14 stated here on this document, sir, do you have an 15 understanding as to whether SolarWinds would 16 identify -- would evaluate its maturity of its 17 controls with respect to these five subcategories?</p> <p>18 A. Yes.</p> <p>19 MR. BERKOWITZ: Object to form.</p> <p>20 A. With regard to the maturity level, we're 21 using the NIST maturity framework. That's the part 22 of NIST that we were grading ourselves against.</p> <p>23 BY MR. TODOR:</p> <p>24 Q. What is your understanding of the NIST 25 maturity framework?</p>

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<p>1 presentation as of August 16th, 2019. Do you have 2 an understanding as to whether the scores here for 3 2019 are reflecting the status as of August 16th, 4 2019?</p> <p>5 A. I don't recall the conversation that 6 would have told me exactly what date this was 7 measured at.</p> <p>8 Q. What were -- what was important to you as 9 the CEO in looking at scorecards like this one?</p> <p>10 A. What was important to me is when I look 11 at the category scores, were those category scores 12 improving because that was -- we were trying to 13 mature our approach to security. We believe we had 14 a solid secure approach to security, but like any 15 organization as it grows, as it gets bigger you can 16 mature with everything that you do. So what I was 17 focused on was what were the overall scores for 18 Identify, Protect -- Identify, Protect, Detect, 19 Respond, Recover, what were those overall scores and 20 were those overall scores improving, because that 21 was the goal.</p> <p>22 Q. Was it important in your mind to 23 SolarWinds' business from a financial perspective to 24 improve the maturity of its approach to security?</p> <p>25 MR. BERKOWITZ: Object to the form.</p>	<p>1 subcomponent of the NIST scorecard? 2 MR. BERKOWITZ: Object to the form. 3 A. It -- the thing I was focused on as I 4 indicated before is the scores at the category level 5 because it's the category that I believe is 6 important, not any individual items underneath the 7 category by themselves. The categories are Protect, 8 Identify, Detect, Respond, Recover. Those 9 categories and the total score is what tells you 10 where your maturity is at the aggregate level, which 11 is what I believed at the time and still believe is 12 important.</p> <p>13 BY MR. TODOR:</p> <p>14 Q. Direct your attention to the next page 15 with Bates 5147. And it looks like we've got a bit 16 of a typo at the top of the page. It says 17 identify. I'm guessing that means identify from 18 what we've looked at previously. Does that sound 19 right to you?</p> <p>20 A. I would assume, yeah.</p> <p>21 Q. And then there's a statement of 22 highlights with some subbullets underneath. 23 Do you see those?</p> <p>24 A. Barely. Small print.</p> <p>25 Q. Yeah. Did Ms. Johnson or anyone else</p>
<p>169</p> <p>1 A. I did not have a concern during any of 2 this period of time that our financial performance 3 was going to be negatively impacted by the approach 4 we had at the time to security.</p> <p>5 BY MR. TODOR:</p> <p>6 Q. Why was that?</p> <p>7 A. Because I believe we had a solid approach 8 to security that it was something the team was doing 9 a good job of. Could we mature? Yes, we could 10 mature in every business practice we have and every 11 business can no matter how old and large it gets, 12 but I wasn't worried about the approach to security 13 that it was going to have a negative impact on our 14 financial performance at the time note.</p> <p>15 Q. Would you periodically look at these 16 scorecards over time to see how the maturity process 17 was coming along?</p> <p>18 MR. BERKOWITZ: Object to the form.</p> <p>19 A. Only when Rani would bring the scorecards 20 into a meeting and if in that meeting she decided to 21 take me through them and give me an update, that's 22 when I would review them.</p> <p>23 BY MR. TODOR:</p> <p>24 Q. Was it important to you to see 25 improvement over time in each individual</p>	<p>171</p> <p>1 discuss these highlights with you during your 2 periodic meetings?</p> <p>3 A. I don't recall specific conversations of 4 any one of these individual bullets, no. Not saying 5 that she didn't, I just don't recall it.</p> <p>6 Q. I'll turn your attention down to the 7 security category chart there, and direct your 8 attention to the second item marked Secure Software 9 Development Lifecycle.</p> <p>10 Do you see that?</p> <p>11 A. I do.</p> <p>12 Q. Do you have an understanding of what that 13 term would mean in the context of SolarWinds' 14 business as of August 16th, 2019?</p> <p>15 A. Yes.</p> <p>16 Q. What is that understanding?</p> <p>17 A. I think we talked about it earlier, but 18 that the process -- that we had a defined process of 19 how we intended to build software and that we 20 were -- our goal was to consistently apply that 21 process across our different development teams, but 22 consistently does not mean identically.</p> <p>23 Q. And do you see it has a NIST maturity 24 level of 2?</p> <p>25 A. I do.</p>

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1 **Q.** Do you have an understanding of why
 2 that's lower than the other categories here?
 3 **A.** I don't recall why that individual item
 4 was lower. As I mentioned, I really focused in my
 5 conversations with Rani on the category level
 6 scores, not the individual scores inside of the
 7 category because I believe that was the metric that
 8 was most important to us as an organization.
 9 **Q.** I'll direct your attention back to the
 10 previous page, the 5145, for the description of what
 11 maturity level 2 means. You can look at it for
 12 yourself to familiarize.

13 (Witness reviews document.)

14 **A.** I see that.

15 **BY MR. TODOR:**

16 **Q.** And it states: The organization has a
 17 consistent overall approach to meeting the security
 18 control objectives, but it is still mostly reactive
 19 and undocumented. The organization does not
 20 routinely measure or enforce policy compliance.

21 Is that what it says there?

22 **A.** What you read is what it says.

23 **Q.** Turning back to 5147, is that description
 24 consistent with your understanding of the status of
 25 SolarWinds' secure software development lifecycle

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1 By that, did you mean that there were differing
 2 rates of adoption in various parts of the
 3 organization?
 4 MR. BERKOWITZ: Object to the form.
 5 **A.** What I mean by that is that we talked
 6 about -- we made a number of acquisitions as a
 7 company. And we made acquisitions almost every year
 8 that I was at SolarWinds. And so we were constantly
 9 having to take our processes and methodologies and
 10 approaches and have organizations we were adding to
 11 our company adopt them. So it was a continuous
 12 effort versus an effort you finished and you were
 13 done and you never had to do it again.

14 **BY MR. TODOR:**

15 **Q.** Did you have any concern over the
 16 subscore of 2 for secure software development
 17 lifecycle at the time?

18 MR. BERKOWITZ: Object to the form.

19 **A.** I don't recall the subscore of 2 on the
 20 individual line item. As I indicated, I was really
 21 focused on the category score because I believe
 22 that's what was important to measure how mature that
 23 category of Identify is. It's the category I
 24 believe that's important -- has the most importance.
 25 And that's where I focused my -- any conversations I

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1 practices as of August 2019?

2 MR. BERKOWITZ: Object to the form.

3 **A.** Not -- it is not. I think you also are
 4 assuming that the -- all the sentences apply in the
 5 score of 2 when you've got to pick a score of 2, 3
 6 or 4. So these are not our descriptions. These are
 7 the descriptions that come out of NIST.

8 **BY MR. TODOR:**

9 **Q.** Okay. I'm just asking for what your
 10 understanding was.

11 **A.** I believe we had a --

12 THE REPORTER: A what?

13 MR. O'CONNOR: Software. Slow down.
 14 **A.** I believe the team had a software
 15 development lifecycle that they were following that
 16 they were trying to ensure that was consistently
 17 used across the different development teams in the
 18 organization.

19 As I indicated, we had 60 products or
 20 more, which is a lot of products and a lot of
 21 development teams. And so I believe that we did
 22 have a process we were following.

23 **BY MR. TODOR:**

24 **Q.** In your answer I believe you said they
 25 were trying to ensure that was consistently used.

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1 had with Rani.

2 **BY MR. TODOR:**

3 **Q.** Direct your attention to the next slide
 4 with Bates 5148. It's marked Protect at the top.
 5 And please familiarize yourself with the slide.
 6 (Witness reviews document.)

7 **A.** Okay.

8 **BY MR. TODOR:**

9 **Q.** I'll direct your attention first to the
 10 top section marked Highlights. The first bullet
 11 says: Access and privilege to critical systems/data
 12 is inappropriate.

13 Do you see that?

14 **A.** I do.

15 **Q.** Did you review this language at the time
 16 in August of 2019?

17 **A.** I don't recall specifically reading that
 18 language, no.

19 **Q.** It states further in that line: Need to
 20 improve internal processes/procedures.

21 Do you see that?

22 **A.** I do.

23 **Q.** Do you have an understanding as to what
 24 processes or procedures are being referred to there?

25 **A.** I don't specifically recall what

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<p>1 about when to go public and whether to go public, 2 yes. 3 Q. And how was it decided to pick 4 the -- that -- the time October 2018 to go public? 5 MR. BERKOWITZ: Object to the form. 6 A. You don't really pick an exact time when 7 you're going to go public. When you make an initial 8 public offering you make a decision that you're 9 going to get ready, and then you have to go through 10 the process of creating a document, having that 11 document filed and reviewed by the SEC, responding 12 to comments and then evaluating market conditions to 13 make a decision of when you go. 14 So we made the decision we would get 15 ready to go public in 2018. We ended up going 16 public in October of 2018, but it wasn't a specific, 17 We will go public in October of 2018 if we would get 18 ready. 19 BY MR. TODOR: 20 Q. Thank you. When was the decision to 21 start getting the ball rolling made? 22 A. I don't recall the exact time that 23 decision was made. 24 Q. Was there a board meeting in connection 25 with it or was there just kind of going back and</p>	<p>1 BY MR. TODOR: 2 Q. And you said that -- I believe you said 3 that the board believed it was a good time. Do you 4 have an understanding for why the board believed it 5 was a good time? 6 MR. BERKOWITZ: Object, asked and 7 answered. 8 A. A combination of the fact that the 9 business was performing well consistent with their 10 expectations, and the market at the time we began to 11 get ready was positive. 12 (Deposition Exhibit 10 marked for 13 identification.) 14 BY MR. TODOR: 15 Q. Mr. Thompson, you've been presented with 16 a document marked as Thompson Exhibit 10. Do you 17 recognize it? 18 A. It appears to be the S-1 that we filed on 19 October 18, 2018, based on the date on the document. 20 Q. Okay. And you don't have to read the 21 entire thing, but let me see if I could ask -- 22 A. We would be here a very long time. 23 Q. -- ask some pertinent questions. 24 Was it your understanding that this form 25 S-1 would inform investors about SolarWinds'</p>
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1 forth? How was that process conducted?
2 **A.** I don't recall whether we had a special
3 board meeting or whether it was just discussed at
4 our normal quarterly board meetings.
5 **Q.** Do you have a sense for about how long it
6 took from when you started the ball rolling to
7 actually making the IPO?
8 MR. BERKOWITZ: Object to the form.
9 **A.** I don't recall exactly, but the process
10 generally is going to take six months or more.
11 BY MR. TODOR:
12 **Q.** Did you provide input to the board as to
13 whether 2018 was an opportune time to go public
14 again?
15 MR. BERKOWITZ: Object to the form.
16 **A.** I was a member of the board in addition
17 to being CEO at that point. I don't know that I
18 would say I -- the way you phrased it, I wouldn't
19 say that's exactly what I did. I think the board
20 believed it was a good time, that the company was
21 performing well, that the markets were in a decent
22 position, and that we had an opportunity to go
23 public again and made the decision that we should.
24 I did not object to that decision.
25

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1 business in connection with its initial public
2 offering?
3 **A.** It was.
4 **Q.** Did you -- what, if any, efforts did you
5 make to ensure the accuracy of the representations
6 regarding SolarWinds' business in this document?
7 **A.** I read this document on more than one
8 occasion and provided comments to my team, asked
9 questions of my team.
10 In addition, I have experts -- had
11 experts and legal, in finance and accounting, we had
12 external legal counsel who was very involved. So a
13 number of experts involved in drafting the document
14 that I also relied on.
15 **Q.** And Mr. Bliss in this room, was he
16 involved?
17 **A.** He was.
18 **Q.** And I'm guessing you didn't write the
19 first draft of the whole thing yourself. What, if
20 any, role did you play in the review process?
21 **A.** I did not do the first draft of any of
22 the pages on this document, I don't believe. I was
23 a part of the review process. I read the drafts and
24 as I indicated, if I had questions about anything in
25 the document, I would ask the appropriate person

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<p>1 to factor in the amount of time it would take to 2 implement security fixes in deciding whether to 3 purchase a piece of software? 4 MR. BERKOWITZ: Object to the form. 5 A. Once again, technology professionals are 6 faced with the challenge on a daily basis of 7 patching the software that they use. It's a part of 8 the job and the processes that they go through. So 9 it's something that is -- that they expect they're 10 going to have to do. 11 BY MR. TODOR: 12 Q. Do you have an understanding that Google 13 Chromebooks are marketed that you don't have to do 14 the same kind of work to implement security patches 15 that you do for Windows? 16 MR. BERKOWITZ: Object to the form. 17 A. I don't use a Google Chromebook. Never 18 have. 19 BY MR. TODOR: 20 Q. Would it be an advantage from the 21 perspective from a technology professional not to 22 have to spend as much time dealing with security 23 fixes on a piece of software as opposed to another 24 one? 25 MR. BERKOWITZ: Object to the form.</p>	<p>1 Q. I am -- well, familiarize yourself. 2 Obviously it's a long passage, but I was going to 3 focus your attention to the passage starting, If we 4 sustain system failures. 5 (Witness reviews document.) 6 A. Okay. 7 BY MR. TODOR: 8 Q. Did you review risk disclosures as part 9 of the process of the IPO? 10 A. I did. 11 Q. What did you understand to be the purpose 12 of the risk disclosures? 13 A. I understood from conversations with both 14 external and internal legal counsel that the intent 15 of risk factors is to provide investors a view of 16 the risk to the business that could have an impact 17 on the business's performance over time. 18 Q. Without getting into any content of any 19 legal advice you may have received in the process, 20 can you describe to me what the review process was 21 like for risk disclosures? 22 A. The risk factors were generally initially 23 drafted by a combination of internal and external 24 legal counsel. It was reviewed by the finance 25 organization. It was reviewed by myself. I don't</p>
<p>285</p> <p>1 A. I guess I'm struggling to understand the 2 question, what you're looking for. 3 BY MR. TODOR: 4 Q. I'll try to ask a slightly different 5 question, then. 6 Would you expect that a technology 7 professional would factor in whether a -- the amount 8 of time it would take to fix a security issue would 9 be important in deciding whether to purchase a piece 10 of software? 11 MR. BERKOWITZ: Object to form, asked 12 and answered. We're late in the day and so perhaps 13 I'm a little bit more aggravated, but you could have 14 called technology customers in to testify to this. 15 I don't know that you're going to get any more out 16 of this witness. 17 Answer to the extent that you can. 18 A. I don't think I have anything else to add 19 other than what I've already said on the topic. 20 BY MR. TODOR: 21 Q. I would like to direct your attention to 22 what is marked -- what is page 30 of 229, bottom 23 right of the document, which is page 26 in the 24 bottom center under the text there. 25 A. And what paragraph am I looking at?</p>	<p>287</p> <p>1 know who all the other reviewers were. 2 Q. Speaking for your knowledge of 3 SolarWinds' actions here, did SolarWinds make 4 efforts to ensure that the risk disclosures were 5 accurate? 6 A. We did. 7 MR. BERKOWITZ: Object to the form. 8 THE WITNESS: Sorry. 9 BY MR. TODOR: 10 Q. I would like to direct your attention to 11 this section in general. What did you understand to 12 be the reason for making this particular risk 13 disclosure? 14 A. And are you speaking to the risk 15 disclosure that starts, If we us stain system 16 failures? 17 Q. Yes, sir. 18 A. Because there is a risk if we sustain 19 system failures, cyberattacks or other data security 20 breaches that we could suffer -- not that we will 21 suffer, but that we could suffer a loss of revenue 22 and increased costs. And the sentence goes on. 23 Q. It goes on. Were there any particular 24 risks you had in mind that were particularly acute 25 when this was written?</p>

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1 MR. BERKOWITZ: Object to the form.
 2 A. I didn't write the risk factor. I didn't
 3 review the risk factor. But, no, there were no
 4 particular risks that we had in mind when we wrote
 5 the risk factor.
 6 BY MR. TODOR:
 7 Q. I'd like to direct your attention to the
 8 next page, which has 31 of 229 at the bottom right
 9 and 27 in the bottom middle there.
 10 A. Okay.
 11 Q. And I'd like to direct your attention to
 12 the second full paragraph on the page, and
 13 specifically the third sentence of that second full
 14 paragraph, but please familiarize yourself with
 15 whatever you need to, sir.
 16 (Witness reviews document.)
 17 A. And you're referring to the
 18 paragraph that starts with the word "During"?
 19 BY MR. TODOR:
 20 Q. That's correct.
 21 A. Let me finish reading it.
 22 (Witness reviews document.)
 23 A. Okay.
 24 BY MR. TODOR:
 25 Q. And directing your attention to the third

1 A. I do.
 2 Q. Were there specific security measures you
 3 were referring to in that sentence?
 4 MR. BERKOWITZ: Object to the form.
 5 A. I don't believe we were referring to
 6 specific security measures. I think we were
 7 referring to all of the different things we did from
 8 a security perspective that dealt with all the items
 9 that are listed in that sentence.
 10 BY MR. TODOR:
 11 Q. You'll recall earlier in the day I showed
 12 you a document which was that public-facing security
 13 statement on the SolarWinds website.
 14 Do you remember that?
 15 A. I do recall that.
 16 Q. You can look to that if you need to, to
 17 refresh yourself. My question is simply, if an
 18 investor read this disclosure and wanted to know
 19 more about what SolarWinds' security measures were
 20 as stated here in the form S-1, could that investor
 21 look at the public-facing security statement to get
 22 additional information about what SolarWinds'
 23 security measures were as of the time of the IPO?
 24 MR. BERKOWITZ: Object to the form,
 25 calls for speculation.

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1 sentence in that paragraph, it states: Despite our
 2 security measures, unauthorized access to or
 3 security breaches of our software or systems could
 4 result in the loss, compromise or corruption of
 5 data, loss of business, severe reputational damage
 6 adversely affecting customer or investor confidence,
 7 regulatory investigations and orders, litigation,
 8 indemnity obligations, damages for contract breach,
 9 penalties for violation of applicable laws or
 10 regulations, significant costs for remediation and
 11 other liabilities.

12 Did I read that correctly, sir?

13 A. That's what it says.

14 Q. To your knowledge, was this statement
 15 accurate when made?

16 MR. BERKOWITZ: Object to the form.

17 A. I don't recall the specific sentence, but
 18 as I read it now, I believe it's accurate for
 19 SolarWinds. It would be accurate for almost any
 20 other company in the world that has technology.

21 BY MR. TODOR:

22 Q. Direct your attention to the first clause
 23 in the sentence. There's a statement: Despite our
 24 security measures.

25 Do you see that?

1 A. I don't recall when and don't know that I
 2 know when the security statement was published
 3 because I didn't remember seeing that security
 4 statement. So I don't know what was on the website
 5 at the time of the IPO.

6 BY MR. TODOR:

7 Q. Do you know whether the security
 8 statement was on the public-facing website at the
 9 time of the IPO?

10 A. I don't know what -- you'd have to tell
 11 me.

12 Q. Assuming that it was on the website at
 13 the time of the IPO, could an investor who wanted to
 14 know more about what the security measures that were
 15 referred to here in the form S-1 look at that
 16 public-facing security statement to learn more about
 17 what SolarWinds' security measures were as of the
 18 time of the IPO?

19 MR. BERKOWITZ: Object to the form,
 20 calls for speculation.

21 A. Since I don't know if it was on the
 22 website or not, I don't think I can answer that
 23 question for you.

24 BY MR. TODOR:

25 Q. Is it fair to say that it would be

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<p>1 important to an investor to know what -- the 2 security measures SolarWinds had at the time of the 3 IPO to assess the likelihood of the risks of 4 unauthorized access to or security breaches of its 5 software or systems?</p> <p>6 MR. BERKOWITZ: Object to the form.</p> <p>7 A. I think you would have to speak to an 8 investor. As I indicated earlier in one of my 9 responses, I don't recall having an investor ever 10 ask me about our security measures.</p> <p>11 BY MR. TODOR:</p> <p>12 Q. Do you have an understanding as to why 13 unauthorized access to or security breaches of 14 SolarWinds' software or systems could result in the 15 various consequences that are listed in that 16 sentence?</p> <p>17 MR. BERKOWITZ: Object to the form.</p> <p>18 A. I understand the concept of unauthorized 19 access. And depending on what someone had 20 unauthorized access to, you could have different 21 outcomes.</p> <p>22 BY MR. TODOR:</p> <p>23 Q. So to focus a little bit. Do you have an 24 understanding as to why unauthorized access to or 25 security breaches of SolarWinds' software or systems</p>	<p>1 to -- do you want me to explain why to? 2 Q. Why would it -- why could it result in a 3 customer or a potential customer making a decision 4 to buy or not buy software from SolarWinds? 5 MR. O'CONNOR: Objection, calls for 6 speculation. 7 A. Once again, I can't put myself in the 8 mind of the customer. However, my statement was 9 based on the fact that if there was an issue with 10 loss of data or something with our software or 11 systems, that it might impact a customer's buying 12 decision.</p> <p>13 BY MR. TODOR:</p> <p>14 Q. Turning your attention to later in the 15 sentence, there is a reference to reputation. Do 16 you have an understanding as to the connection 17 between unauth -- the potential of unauthorized 18 access to or -- we can get back to where we were 19 here.</p> <p>20 MR. BERKOWITZ: Can we take a break 21 so you can get your thoughts straight?</p> <p>22 MR. TODOR: Here we are. Flip the 23 page over.</p> <p>24 BY MR. TODOR:</p> <p>25 Q. Turning back to the sentence: Despite</p>
<p>293</p> <p>1 could result in the loss of business?</p> <p>2 MR. BERKOWITZ: Object to the form 3 and also state that it's a lengthy risk factor that 4 may contain some of the answers to your question.</p> <p>5 A. So to respond to your question, and 6 you're asking me why unauthorized access to or 7 security breaches of our software systems could 8 result in a loss of business, that's the question 9 you're asking me?</p> <p>10 BY MR. TODOR:</p> <p>11 Q. Yes, sir.</p> <p>12 A. Depending on what that unauthorized 13 access was, what happened as a result of that 14 unauthorized access, it could result -- once again, 15 could, not will, it could result in a customer or a 16 potential customer making a decision to buy or not 17 buy software from SolarWinds.</p> <p>18 Q. You said that depending on what that 19 unauthorized access was, what happened as a result 20 of that unauthorized access, it could result -- once 21 again, could, not will, it could result in a 22 customer or a potential customer making a decision 23 to buy or not buy software from SolarWinds.</p> <p>24 Could you explain why that is?</p> <p>25 A. What part of that question you want</p>	<p>295</p> <p>1 our security measure, unauthorized access to or 2 security breaches of our software could result in, 3 and then one of the consequences listed is severe 4 reputational damage adversely affecting customer or 5 investor confidence.</p> <p>6 Could you please explain the basis for 7 that statement?</p> <p>8 MR. BERKOWITZ: Object to the form.</p> <p>9 A. Once again, this is a risk factor that 10 you're asking me questions about. We're presenting 11 the risks that could occur if certain things happen. 12 And depending on what might happen, it could impact 13 the company's reputation in the market.</p> <p>14 BY MR. TODOR:</p> <p>15 Q. Turning back to the sentence, there's a 16 statement: Despite our security measures, 17 unauthorized access to or security breaches of our 18 software or systems could result in, and another 19 consequence listed is significant costs for 20 remediation and other liabilities.</p> <p>21 Could you explain your understanding of 22 what is meant by significant costs for remediation 23 and other liabilities?</p> <p>24 A. Depending on what happens in an incident, 25 it could cost more or less to remediate that</p>

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1 incident, and would -- if this risk factor were to
 2 come to pass, it would be the intent of the company
 3 to remediate the incident and it's not possible to
 4 estimate what the costs might be if you don't know
 5 what the incident is, which is what the risk factor
 6 refers to.

7 MR. TODOR: We've been going now for
 8 an hour.

9 MR. BERKOWITZ: Yeah.

10 MR. TODOR: Probably a good time for
 11 a break.

12 THE VIDEOGRAPHER: Going off the
 13 record. Time is 5:11.

14 (Recess taken from 5:11 p.m. to
 15 5:30 p.m.)

16 THE VIDEOGRAPHER: Back on the
 17 report. Time is 5:30.

18 BY MR. TODOR:

19 **Q.** Welcome back, Mr. Thompson. Was the
 20 SolarWinds IPO completed?

21 **A.** The IPO in 2018?

22 **Q.** Yes.

23 **A.** Yes, it was.

24 **Q.** And did SolarWinds bring in revenue as a
 25 result of the IPO?

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1 **Q.** Without disclosing any advice you -- or
 2 communication to or from your legal advisors, please
 3 describe the review process for the 10-K.

4 **A.** The review process for the 10-K was
 5 similar to the review process that I discussed
 6 earlier of the S-1, which is the 10-K was drafted by
 7 a combination of our legal departments, our finance
 8 organization, and internal and external legal
 9 counsel reviewed, internal finance reviewed,
 10 PricewaterhouseCoopers reviewed and I reviewed that
 11 10-K.

12 **Q.** And did you conclude that the
 13 representations in the 10-K were accurate when you
 14 made them?

15 **A.** I believe they were.

16 **Q.** Did SolarWinds issue a 10-K in 2020 for
 17 the year 2019?

18 **A.** We did.

19 **Q.** And did -- was the process for that 10-K
 20 similar to the one for the 10-K for 2018?

21 **A.** It was the same process that we followed
 22 for the 10-K we filed in 2019 for 2018.

23 **Q.** To your knowledge, were the
 24 representations in the 2019 10-K that was issued in
 25 2020 accurate?

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1 **A.** We raised some amount of cash as a part
 2 of the IPO.

3 **Q.** Were any of your shares sold as part of
 4 the IPO?

5 **A.** I don't recall if I sold any shares in
 6 the IPO or not. It would be disclosed if I did.

7 **Q.** Would all of those sales be disclosed in
 8 some security filings at SolarWinds?

9 **A.** They would be.

10 **Q.** Did SolarWinds issue a Form 10-K for the
 11 2018 year, the next year? I have documents here,
 12 I'm just trying to get you through it without
 13 looking at them.

14 MR. BERKOWITZ: You're saying in
 15 2019?

16 BY MR. TODOR:

17 **Q.** Yeah, in 2019 did SolarWinds issue a
 18 Form 10-K for the year 2018?

19 **A.** Yes, we did, that I recall.

20 **Q.** Were you involved in the review process
 21 for that 10-K?

22 **A.** I was.

23 **Q.** And did you make efforts to ensure that
 24 the 10-K was accurate?

25 **A.** I did.

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1 **A.** I believe they were.

2 **Q.** Did SolarWinds issue Forms 10-Q after its
 3 initial public offering?

4 **A.** Once we were at a spot where we were
 5 required to issue a Form 10-Q, yes.

6 **Q.** Did you have a review process for the
 7 Forms 10-Q?

8 **A.** The review process for the Form 10-Q was
 9 similar to the review process we followed for a
 10 10-K, even though that document is shorter.

11 **Q.** Were there additional steps in the review
 12 process for the 10-K as opposed to the 10-Qs?

13 **A.** I believe the basic review process was
 14 the same as I recall.

15 **Q.** To your knowledge, were the
 16 representations in the Forms 10-Q accurate when
 17 made?

18 **A.** I believe they were.

19 **Q.** At some point did you make the decision
 20 to leave SolarWinds?

21 **A.** I did.

22 **Q.** When was that?

23 **A.** I made the final decision to leave
 24 SolarWinds in -- in or around August 2020. 2020?
 25 Yes, 2020. And it's something I had been

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1 MR. BERKOWITZ: Object to form.
 2 **A.** I don't recall.
 3 BY MR. TODOR:
 4 **Q.** Ballpark figure for how much money you
 5 got for the shares that you sold.
 6 **A.** Once again, I have not looked back at
 7 that information, so I don't recall.
 8 **Q.** Would that information be set forth in
 9 some security filing of some kind from SolarWinds?
 10 **A.** Yes, I believe it will.
 11 MR. TODOR: Pass the witness.
 12 MR. BERKOWITZ: We have no questions
 13 of Mr. Thompson on behalf of SolarWinds and
 14 Mr. Brown at this time. I don't know if his counsel
 15 does.
 16 MR. O'CONNOR: No. Thank you.
 17 THE VIDEOGRAPHER: This concludes
 18 today's testimony of Kevin Thompson. Going off the
 19 record. Time is 5:39.
 20 (Deposition concluded at 5:39 p.m.)
 21
 22
 23
 24
 25

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1 REPORTER'S CERTIFICATION
 2 I, Micheal A. Johnson, Registered Diplomate
 3 Reporter and Notary Public in and for the State of
 4 Texas, certify that on the 2nd day of October, 2024
 5 I reported the Videotaped Deposition of KEVIN B.
 6 THOMPSON, after the witness had first been duly
 7 cautioned and sworn to testify under oath; said
 8 deposition was subsequently transcribed by me and
 9 under my supervision and contains a full, true and
 10 complete transcription of the proceedings had at
 11 said time and place; and that reading and signing
 12 was not requested.
 13 I further certify that I am neither counsel
 14 for nor related to any party in this cause and am
 15 not financially interested in its outcome.
 16 GIVEN UNDER MY HAND AND SEAL of office on
 17 this 7th day of October, 2024.

18
 19
 20 _____
 21 MICHEAL A. JOHNSON, RDR, CRR
 22 NCRA Registered Diplomate Reporter
 23 NCRA Certified Realtime Reporter
 24
 25 Notary Public in and for the
 26 State of Texas
 27 My Commission Expires: 8/8/2028

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